

Financial *Status Report*

March 31, 2022

This report summarizes the City of Carlsbad's General Fund revenues and expenditures through March 31, 2022. It compares revenues and expenditures for the first nine months of fiscal year 2021-22 and fiscal year 2020-21. In addition, the financial status of the Water and Wastewater Enterprises are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting Principles.

General Fund Revenues



Property Taxes (\$48.6 million) – The majority of property tax revenue is collected in December and April each year. According to the County of San Diego Assessor's Office, assessed values in Carlsbad have increased by 3.14% for fiscal year 2021-22. This is the ninth year in a row that Carlsbad's assessed values have increased from year to year, and in line with assessed value increases with other cities in San Diego County for the year. This reflects continued strength in the regional

housing market. The increase in this year's assessed values is due to a large increase in the assessed values of residential properties in the city; the city saw smaller increases in commercial and industrial property values for the year. This is the seventh year in a row since the Great Recession ended that the city saw increases in assessed values in all three property components (residential, commercial and industrial).

The property taxes for the first nine months of the fiscal year have increased by 3% as compared to the prior fiscal year. The primary reasons for the increase are:

- Current taxes are up by \$1.4 million or 3.8% mainly due to increased assessed values.
- Supplemental and surplus property taxes are \$485,000 higher when compared with the prior year.

These increases are offset slightly by the following decrease:

- Aircraft taxes are down by \$303,000 or 18% due to a decrease in aircraft being housed at the airport.



Sales Taxes (\$38.8 million) – For the first nine months of the fiscal year, sales tax revenues are \$8.8 million higher than the same period in the previous fiscal year. Sales tax revenues for the year represent a portion of the city's first quarter 2022, the second, third, and fourth calendar quarter of 2021 sales tax revenues, a portion of the city's first calendar quarter of 2021 sales tax revenues, and a portion of the city's 2020 fourth calendar quarter sales tax revenues.

In the prior fiscal year, the city saw the impacts the COVID-19 pandemic including the shelter-in-place orders, which essentially shut down all non-essential businesses, and where small businesses in the State of California were allowed to defer sales tax payments.

For sales occurring in the fourth calendar quarter of 2021 (the most recent data available), key gains were seen in automobile dealers, jewelry and luggage stores, clothing stores, general merchandise stores, and department stores. During the same period, key declines were seen in amusement parks, restaurants, motor vehicle manufacturing, equipment and supplies merchant wholesalers, and petroleum and coal products

manufacturing. The largest economic segments in the city are automobile dealers, general merchandise stores, and restaurants. Together, they generate 80% of the city's sales tax revenues.



Transient Occupancy Tax (\$22.2 million) – The city's third highest General Fund revenue source on an annual basis is Transient Occupancy Tax (TOT or hotel tax), estimated at \$18.4 million for the current fiscal year. A tax of 10% of the rent amount is collected on all occupancies less than 30 days (transient) in duration. Year-to-date TOT figures represent taxes collected on hotel receipts through the month of March 2022. TOT collected for the first nine months of the fiscal year reflects an increase of \$13.7 million, or 161%, more than the previous year. With the reopening of the economy in June 2021 after a prolonged COVID-19 pandemic related tier system, all local hotels are now open. This is in stark contrast to the prior fiscal year where many hotels were partially or fully closed, including three of Carlsbad's largest hotels – the Omni La Costa, the Park Hyatt Aviara, and the LEGOLAND Hotels.

Currently, there are 4,778 hotel rooms in service (of 5,018 total rooms built in the city), 668 timeshares and 349 registered short-term vacation rentals. The average occupancy of hotel rooms over the most recent 12 months has been 63% which is up from 43% at this time last year.



Business License Tax (\$4.9 million) – All entities doing business in the City of Carlsbad are required to have a valid business license. Business license revenue is estimated at \$5.8 million for the current fiscal year. Business license revenues are up \$814,000 or 20% higher, than the previous fiscal year. The increase is due to significant payments received for overdue business license renewals and penalties, as well as a small increase in new business licenses.

There are currently 9,519 licensed businesses operating within the city, 5 more than the prior year. The majority of taxed businesses (6,349 businesses) are located in Carlsbad, with 2,416 of these businesses home-based.



Interdepartmental Charges (\$3.9 million) – Interdepartmental charges are up by \$92,000 when compared with the same period last year. These charges are generated through engineering services charged to capital projects (down \$73,000 due to less staff charging to capital projects); reimbursed work from other funds (down \$7,000 charged to date); and miscellaneous interdepartmental expenses charged to funds outside the General Fund for services performed by departments within the General Fund (up 6%, or \$173,000).



Income from Investments and Property (\$3.9 million) – For the first nine months of the fiscal year, income from investments and property is down \$436,000 compared to the previous fiscal year.

Interest income is down \$1.1 million for the year due to the combination of a 17.8% decrease in the average yield on the portfolio for the year (a decrease in the yield from 1.391% last fiscal year to 1.143% in the current fiscal year) and interest income of \$750,000 received last fiscal year on the advance between the city and the city's former Redevelopment Agency. There was no interest income received on this advance during the current fiscal year as this loan was fully paid down in fiscal year 2020-21. The current year decrease in interest income is offset partially by the interest income earned on the 8% increase in the monthly average cash balance.

The Federal Reserve has maintained an effective benchmark rate between 0 and 0.25% since March 2020. The city has since seen many of its higher rate bonds and notes being called, causing the city to have to invest in lower yield securities. This has and will continue to drive the yield on the portfolio lower. In March 2022, the

Federal Reserve announced that it would raise the benchmark rate by 0.25%, shifting the target range to 0.25% to 0.50%.

Income from property sales and rentals is up by \$698,000 for the year, or 48% as compared to the prior fiscal year, primarily due to significant increases in facilities and pool lane rentals as the prior year was severely impacted by the COVID-19 pandemic and increased cell site lease revenues.



Recreation Fees (\$1.8 million) – Recreation fees are generated through instructional classes, camps, youth and adult sports, special events, parent participation preschool, senior programs, and various aquatic programs. Recreation revenues are up by \$766,000 compared to last year at this time. This large increase is due to the reopening of programs as compared to the prior fiscal year when there were cancellations across all programs due to COVID-19 restrictions.



Development Related Revenues (\$2.9 million) – Development related revenues, which include building permits, planning fees, building department fees, and engineering fees, reflect a 30% increase for the first nine months of the fiscal year.

Development related fees are paid by developers to cover a portion of the cost of reviewing and monitoring development activities, such as plan checks and inspections. Engineering plan check fees are one of the first fees paid during the initial stages of development. Activity during March 2022 included permits associated with residential second dwelling units, various minor home improvement permits, a car wash and commercial additions at two car dealerships.

Another source of development related revenue is building permits, which are up 1% compared to last fiscal year. The year-to-date valuation of new construction in the current fiscal year is \$132.4 million. This represents a \$30.6 million, or 18.7%, decrease over the previous fiscal year.

In March Carlsbad issued building permits for nine residential second dwelling units (seven in the northwest quadrant and two in the southeast quadrant). For the current fiscal year, 71 residential permits have been issued, as compared to 251 residential permits issued during the same period last year. During the month of March, three permits were issued for a total of 94,000 square feet of commercial and/or industrial space. This included 5,000 square feet for a car wash and 89,000 square feet for two car dealership expansions. For the current fiscal year, 108,000 square feet of commercial and/or industrial permits have been issued, as compared to 216,800 square feet for permits issued during the same period last year.

While development activity fiscal year to date is lower than last fiscal year at this same period, revenues are slightly higher due to a change in the fee structure for building permits that was approved with a fee study in 2021. Permit fees that were previously calculated based on project valuation are now calculated using square footage. Other development related service fees were also included in the fee study and some fees were increased as a result of the study. These fee changes became effective in September 2021.



Franchise Tax (\$2.3 million) – Franchise taxes are generated from public utility sources, such as San Diego Gas & Electric (SDG&E), trash collection franchises, and cable franchises conducting business within city limits. Franchise tax revenue is estimated at \$5.7 million for the current fiscal year. Year-to-date franchise taxes are \$46,000 lower than the same period last year.

Cable television franchise revenues (Spectrum and AT&T) are down by \$42,500 due to a decrease in the number of paid subscription services (premium video, equipment rental, on-demand,

and programming services). An increase in trash collection revenue of \$29,000 is due to an increase in trash rates combined with additional trash customers.

Approximately 47% of the total franchise tax revenue anticipated for the year will be collected from SDG&E in April 2022.



Ambulance Fees (\$2.3 million) – The city bills any individual who is transported in one of the city’s ambulances. Through March 2022, receipts from ambulance fees are up \$399,000, or 21%, compared to last fiscal year. The increase in revenue for the first nine months of the fiscal year is mainly due to an increase in the number of billable transports, 4,421 in the first nine months of fiscal year 2021-22 versus 3,961 in the prior fiscal year.



Other Revenue Sources (\$947,000) – Other revenue sources have decreased by \$365,000 and include revenues received by the city to offset the costs of special studies or projects for developers; reimbursements for damage done to city streets, rights-of-way, and other city-owned property; donations; reimbursement from the Gas Tax Fund for traffic signal maintenance; and miscellaneous reimbursed expenses and refunds of prior year fees. The decrease to date is primarily driven by lower receipts this fiscal year as the City of Oceanside took over as the lead agency on the joint city Innovate 78 joint city contract.



Other Licenses and Permits (\$816,000) – Other licenses and permits consist of fire protection services, right-of-way, lagoon, grading, hazardous uses, and other miscellaneous permit revenues. These permits usually increase/decrease along with increases/decreases in development activity. Other licenses and permit revenues can vary throughout the year. To date, the increase of \$62,000 is primarily a result of increased activity in coastal development permits, Habitat Management Plan permits and hazardous uses permits, offset by a decrease in right-of-way permits and lagoon permits.



Fines and Forfeitures (\$253,000) – Fines and forfeitures represent fees collected for code violations, parking citations, overdue fines, and returned checks. The city recognizes revenues when the citizen pays the fine or forfeiture, as opposed to when the fine is imposed. The decrease to date of \$40,000 is mostly due to increases in parking citation revenues and overdue fines, offset by a decrease in code violation revenue.



Intergovernmental Revenues (\$1.1 million) – Intergovernmental revenues include homeowners property tax exemption revenue and miscellaneous receipts received from the state or federal governments, as well as local school districts. Various miscellaneous receipts comprise the \$1.1 million received this year. Some larger receipts include senior nutrition program revenues, \$201,000 reimbursement from the school district for their share of the school resource officers, \$78,000 received from the state for mandated cost reimbursements, \$54,000 received from the state for the library’s adult learning program, \$88,000 for a state coastal grant and \$80,000 for a federal grant provided to the Police Department. In the prior year, the city received Coronavirus Aid, Relief and Economic Security Act or CARES Act funding as well as a homeless grant which did not recur in the current fiscal year.



Transfer Taxes (\$1.5 million) – When real property is sold, the County Assessor’s Office charges a transfer tax. The transfer tax rate in San Diego County is \$0.0011 multiplied by the selling price of the property. The city receives 50% of the transfer tax charged for sales within the City of Carlsbad. Revenues have increased due to an increase in property transfers.



Other Charges or Fees (\$1.3 million) – Other charges or fees are generated through the sale of city documents, such as staff reports, blueprints and copies; general fees collected for false alarms, easements and agreements, weed abatement and kiosk signs; audio/visual rental fees; and general services, such as mutual aid response, mall police services, emergency response services, reports, etc. These fees are up by \$433,000 or 52% mainly due to the addition of an annual fire inspection fee which has generated \$317,000 fiscal year to date.

A detailed schedule of General Fund revenues is provided on the following page.

**GENERAL FUND
REVENUE COMPARISON**

	REVENUE BUDGETED FOR FY 2021-22	REVENUE EXPECTED THROUGH 03/31/22	ACTUAL FY 2021 AS OF 03/31/21	ACTUAL FY 2022 AS OF 03/31/22	CHANGE FROM YTD 2021 TO YTD 2022	PERCENT CHANGE
TAXES						
PROPERTY TAX	\$76,590,000	\$46,827,531	\$46,969,704	\$48,575,209	\$1,605,505	3%
SALES TAX	44,015,000	32,496,133	30,064,901	38,835,524	8,770,623	29%
TRANSIENT OCCUPANCY TAX	18,441,000	10,083,500	8,521,128	22,206,584	13,685,456	161%
FRANCHISE TAX	5,666,000	2,278,363	2,327,411	2,281,602	(45,809)	-2%
BUSINESS LICENSE TAX	5,817,000	4,199,855	4,123,326	4,937,517	814,191	20%
TRANSFER TAX	1,285,000	815,605	1,133,707	1,474,559	340,852	30%
TOTAL TAXES	151,814,000	96,700,988	93,140,177	118,310,995	25,170,818	27%
INTERGOVERNMENTAL						
VEHICLE LICENSE FEES	50,000	50,000	83,951	133,433	49,482	59%
HOMEOWNERS EXEMPTIONS	350,000	174,999	173,248	169,133	(4,115)	-2%
OTHER REIMBURSEMENT	7,737,091	1,917,201	2,371,900	809,413	(1,562,487)	-66%
TOTAL INTERGOVERNMENTAL	8,137,091	2,142,200	2,629,099	1,111,979	(1,517,120)	-58%
LICENSES AND PERMITS						
BUILDING PERMITS	521,000	391,895	1,031,246	1,102,455	71,209	7%
OTHER LICENSES & PERMITS	944,000	679,188	753,932	815,914	61,982	8%
TOTAL LICENSES & PERMITS	1,465,000	1,071,083	1,785,178	1,918,369	133,191	7%
CHARGES FOR SERVICES						
PLANNING FEES	274,000	190,665	254,604	476,136	221,532	87%
BUILDING DEPARTMENT FEES	617,000	471,532	620,155	604,745	(15,410)	-2%
ENGINEERING FEES	441,000	312,826	338,652	723,953	385,301	114%
AMBULANCE FEES	2,584,000	1,775,572	1,911,247	2,309,838	398,591	21%
RECREATION FEES	1,760,000	1,109,138	1,011,116	1,777,654	766,538	76%
OTHER CHARGES OR FEES	550,000	312,758	833,542	1,266,192	432,650	52%
TOTAL CHARGES FOR SERVICES	6,226,000	4,172,491	4,969,316	7,158,518	2,189,202	44%
FINES AND FORFEITURES	406,000	281,357	293,400	253,389	(40,011)	-14%
INCOME FROM INVESTMENTS & PROPERTY	4,879,925	2,753,303	4,361,539	3,925,857	(435,682)	-10%
INTERDEPARTMENTAL CHARGES	5,181,349	3,845,363	3,823,986	3,916,308	92,322	2%
OTHER REVENUE SOURCES	964,429	686,595	1,312,651	947,163	(365,488)	-28%
TRANSFERS IN	10,000	10,000	10,000	10,000	0	0%
TOTAL GENERAL FUND	\$179,083,794	\$111,663,379	\$112,325,346	\$137,552,578	\$25,227,232	22%

(1)

(1) Calculated General Fund revenues are 23% above estimates as of March 31, 2022.

Expenditures

Total General Fund expenditures and encumbrances through the month of March 2022 are \$163.2 million, compared to \$126.3 million at the same time last year. The significant increase is largely due to an increase in transfers, particularly the \$10.7 million related to the new Technology Investment Program in support of the Strategic Digital Transformation Investment Program, a \$7.8 million transfer to the General Capital Construction Fund from prior fiscal year 2020-21 General Fund surplus, and a \$5.5 million additional discretionary payment to CalPERS. The remaining budget available through the fiscal year ending June 30, 2022 is \$59.4 million, or 26.7%. If funds were spent in the same proportion as the previous year, the General Fund would have 34.4% or \$66.1 million available.

Excluding the transfers out, contingencies, and non-departmental charges, the percentage available on March 31, 2022, is 28.4%, slightly less than the 28.5% available on March 31, 2021.

The adopted General Fund budget for fiscal year 2021-22 increased by 12.8% or \$20.9 million due to:

- Increased personnel costs (increase of \$11.3 million):
 - \$6.1 million in additional salary costs associated with 23.5 new full-time positions, 20 of which are directly related to City Council goals, 6.2 new part-time positions and previously negotiated and anticipated wage increases
 - \$2.3 million in health insurance and retirement benefits costs
 - \$2.9 million increase in other personnel costs (Medicare, unemployment and disability benefits)
- Increased maintenance and operations costs (increase of \$9.6 million):
 - Implementation of the City Council's goals
 - Reinstatement of services after many programs were stalled or halted due to COVID-19 restrictions
 - Increased legal services costs
- Decreased City Council contingency from \$1.5 million to \$500,000

A detailed schedule of General Fund expenditures is provided on the following page.

**GENERAL FUND
EXPENDITURE STATUS BY DEPARTMENT**

DEPARTMENT DESCRIPTION	ADOPTED	WORKING	AS OF 03/31/22		
	BUDGET FY 2021-22	BUDGET FY 2021-22 (a)	AMOUNT COMMITTED (b)	AVAILABLE BALANCE	% AVAILABLE (c)
POLICY AND LEADERSHIP GROUP					
CITY ATTORNEY	\$2,037,136	\$2,169,185	\$1,555,810	\$613,375	28.3%
CITY CLERK SERVICES	1,300,469	1,436,264	931,995	504,269	35.1%
CITY COUNCIL	649,975	667,690	400,314	267,376	40.0%
CITY MANAGER	2,112,097	2,370,197	1,624,588	745,609	31.5%
CITY TREASURER	250,752	258,589	181,719	76,870	29.7%
COMMUNICATIONS & ENGAGEMENT	1,771,173	2,479,665	1,999,920	479,745	19.3%
TOTAL POLICY AND LEADERSHIP GROUP	8,121,602	9,381,590	6,694,346	2,687,244	28.6%
ADMINISTRATIVE SERVICES					
ADMINISTRATION	568,883	714,415	520,475	193,940	27.1%
FINANCE	5,632,387	6,335,681	4,519,377	1,816,304	28.7%
HUMAN RESOURCES	4,959,011	5,461,482	3,828,528	1,632,954	29.9%
INNOVATION & ECONOMIC DEVELOPMENT	1,264,626	1,480,933	994,556	486,377	32.8%
TOTAL ADMINISTRATIVE SERVICES	12,424,907	13,992,511	9,862,936	4,129,575	29.5%
PUBLIC SAFETY					
POLICE	48,756,017	52,851,249	38,589,144	14,262,105	27.0%
FIRE	33,521,412	35,274,422	25,998,441	9,275,981	26.3%
TOTAL PUBLIC SAFETY	82,277,429	88,125,671	64,587,585	23,538,086	26.7%
COMMUNITY SERVICES					
COMMUNITY SERVICES ADMINISTRATION	656,221	862,511	643,488	219,023	25.4%
COMMUNITY DEVELOPMENT	10,502,061	12,592,920	9,752,586	2,840,334	22.6%
HOUSING & HOMELESS SERVICES	5,901,431	6,087,311	1,992,693	4,094,618	67.3%
LIBRARY & CULTURAL ARTS	13,780,555	14,581,524	9,584,483	4,997,041	34.3%
PARKS & RECREATION	19,159,380	20,965,518	16,168,041	4,797,477	22.9%
TOTAL COMMUNITY SERVICES	49,999,648	55,089,784	38,141,291	16,948,493	30.8%
PUBLIC WORKS					
PUBLIC WORKS ADMINISTRATION	1,941,613	2,171,541	1,457,360	714,181	32.9%
CONSTRUCTION MANAGEMENT & INSPECTION	2,990,665	3,285,409	2,488,298	797,111	24.3%
ENVIRONMENTAL MANAGEMENT	1,282,225	1,719,435	1,252,249	467,186	27.2%
FACILITIES	6,555,934	8,744,326	6,188,956	2,555,370	29.2%
TRANSPORTATION	8,405,466	9,113,411	6,526,831	2,586,580	28.4%
TOTAL PUBLIC WORKS	21,175,903	25,034,122	17,913,694	7,120,428	28.4%
NON-DEPARTMENTAL & CONTINGENCY					
(d) OTHER NON-DEPARTMENTAL	2,922,000	3,845,896	1,031,290	2,814,606	73.2%
OPERATING TRANSFERS OUT	7,148,000	26,777,804	24,937,804	1,840,000	6.9%
CONTINGENCY	500,000	354,910	0	354,910	100.0%
TOTAL NON-DEPT & CONTINGENCY	10,570,000	30,978,610	25,969,094	5,009,516	16.2%
TOTAL GENERAL FUND	\$184,569,489	\$222,602,288	\$163,168,946	\$59,433,342	26.7%

(a) Working budget includes the adopted budget, open encumbrances from the end of the prior fiscal year, and any approved carry forward.

(b) Actual expenditures on a budgetary basis include encumbrances and exclude non-budgeted items.

(c) Amount available would be 34.4% if funds were spent in the same proportion as the previous year.

(d) Other non-departmental includes property tax administration fees, assessment district administration, citywide litigation expenses, and other items not attributed to a specific department.

Council Contingency

The City Council has allocated \$500,000 out of the General Fund budget for unanticipated emergencies or unforeseen program needs. Below is a listing of the City Council's contingency:

CONTINGENCY ACCOUNT

USE OF FUNDS

EXPLANATION	AMOUNT	DATE	RESOLUTION NUMBER
ADOPTED BUDGET	\$500,000		
USES:			
For the cost of producing and installing no parking signs on Avenida Encinas	(17,100)	7/20/2021	2021-174
To shelter pets belonging to people experiencing homelessness	(29,825)	9/28/2021	2021-219
Community spirit grant for Carlsbad High School	(996)	10/20/2021	NA - See Note 1
Consultant for alternative housing sites (Housing Element Program)	(97,169)	2/15/2022	2022-044
TOTAL USES	<u>(145,090)</u>		
AVAILABLE BALANCE	<u>\$354,910</u>		

Note 1 - City Council Policy 51 gives authorization to the City Manager to approve Community Spirit Grants less than \$5,000.

Donations

Carlsbad Municipal Code 2.08.100 authorizes the city manager to accept donations on behalf of the city in an amount or of value of up to \$5,000 per donation. These donations shall be used in accordance with the donor's intent or added to the city's contingency account. Below is a listing of all donations, excluding minor food donations such as donuts, that have been accepted during fiscal year 2021-22:

Donations Fiscal Year 2021-22

Department	Intention	Qtr. 1	Qtr. 2	Jan.	Feb	Mar	Qtr. 3	Total
Parks & Recreation	Congregate Meals/Guest Cash Donations	\$3,611	\$2,513	\$687	\$634	\$1,037	\$2,358	\$8,482
Parks & Recreation	Home Meals Cash Donations	3,932	3,338	717	700	264	1,681	8,951
Parks & Recreation	Senior Transportation Cash Donations	0	5	20	8	43	71	76
Parks & Recreation	Leo Carrillo Ranch Cash Donations	835	2,418	440	282	2,425	3,147	6,400
Parks & Recreation	Opportunity Grant Donations	2,966	2,258	700	937	2,314	3,951	9,175
Parks & Recreation	Senior Center Cash Donations	399	1,380	39	124	594	757	2,536
Parks & Recreation	Teens Program Cash Donations	0	1	3	0	0	3	4
Parks & Recreation	Parks Maintenance Cash Donations	825	0	0	0	0	0	825
Subtotal - Parks & Recreation		\$12,567	\$11,913	\$2,606	\$2,685	\$6,677	\$11,968	\$36,448
Library & Cultural Arts	Book purchases	\$135	\$275	\$50	\$50	\$50	\$150	\$560
Library & Cultural Arts	Support Library Programs and Services	15	2,600	1,172	0	35	1,207	3,822
Subtotal - Library & Cultural Arts		\$150	\$2,875	\$1,222	\$50	\$85	\$1,357	\$4,382
Fire	Food and small gifts for crews	\$0	\$2,320	\$0	\$0	\$125	\$125	\$2,445
Fire	Sunglasses for lifeguard program	0	400	0	0	0	0	400
Fire	Toys for sick or scared children	350	0	0	0	0	0	350
Subtotal - Fire		\$350	\$2,720	\$0	\$0	\$125	\$125	\$3,195
Total Donations		\$13,067	\$17,508	\$3,828	\$2,735	\$6,887	\$13,450	\$44,025

Water Enterprise

WATER OPERATIONS FUND					
March 31, 2022					
	BUDGET FY 2021-22	YTD (*) 3/31/2021	YTD (*) 3/31/2022	CHANGE FROM YTD 2020-21 TO YTD 2021-22	PERCENT CHANGE
REVENUES:					
WATER DELIVERY	\$ 40,583,097	\$ 30,796,226	\$ 30,322,078	\$ (474,148)	-1.5%
INTEREST	374,897	322,615	259,028	(63,587)	-19.7%
MISC. SERVICE CHARGES	281,081	231,957	210,981	(20,976)	-9.0%
PROPERTY TAXES	3,687,900	2,793,273	2,916,091	122,818	4.4%
FINES, FORFEITURES & PENALTIES	104,651	4,415	93,895	89,480	2026.7%
OTHER REVENUES	434,829	2,018,304	2,680,209	661,905	32.8%
TOTAL OPERATING REVENUE	45,466,455	36,166,790	36,482,282	315,492	0.9%
EXPENSES:					
STAFFING	4,347,140	2,691,952	2,987,396	295,444	11.0%
INTERDEPARTMENTAL SERVICES	2,969,197	2,036,122	2,207,606	171,484	8.4%
PURCHASED WATER	26,700,000	18,012,390	18,754,280	741,890	4.1%
MWD/CWA FIXED CHARGES	6,860,000	5,035,472	5,042,759	7,287	0.1%
OUTSIDE SERVICES/MAINTENANCE	2,603,249	616,696	625,643	8,947	1.5%
DEPRECIATION/REPLACEMENT	4,500,000	3,150,000	3,375,000	225,000	7.1%
MISCELLANEOUS EXPENSES	992,104	478,956	493,862	14,906	3.1%
CAPITAL OUTLAY	0	413,198	16,958	(396,240)	-95.9%
TOTAL OPERATING EXPENSES	48,971,690	32,434,786	33,503,504	1,068,719	3.3%
OPERATING INCOME/(LOSS)	\$ (3,505,235)	\$ 3,732,004	\$ 2,978,778	\$ (753,227)	-20.2%
(*) Adjusted to reflect timing differences for water purchases and depreciation.					

Revenues



- A 3.0% decrease in water volume sales led to lower water delivery revenues, offset by an increase in water rates (beginning in Mar 2022).
- Interest earnings have decreased year-over-year due to a 18% decrease in the yield of the Treasurer's portfolio offset partially by a 5.8% increase in the average cash balance.
- The increase in property taxes is primarily due to increase in assessed property values
- The increase in other revenues was due to \$1 million from consolidation of city and district CalPERS plans offset by \$0.4 million higher refund in prior year for the Carlsbad Municipal Water District's share of damages awarded for rates that were unlawfully assessed to the city between 2011 and 2014, total refunded is \$3.1 million.

Expenses



- The increase in staffing expenses includes an annual required contribution to the city's unfunded pension liability balance with CalPERS and salary increases, offset by vacancies experienced thus far in the fiscal year.
- Higher interdepartmental expenses resulted from increased personnel related costs, and maintenance and operations costs for shared services.
- Purchased water expenses have increased from the prior year due to a 5.0% rate increase in the variable cost of water purchased from the San Diego County Water Authority (SDCWA) offset by a 2.5% decrease in the amount of water purchased.
- A decrease in capital outlay was from fiscal year 2020-21 purchase of industrial vacuum truck.

Wastewater Enterprise

WASTEWATER OPERATIONS FUND					
March 31, 2022					
	BUDGET FY 2021-22	YTD* 3/31/2021	YTD* 3/31/2022	CHANGE FROM YTD 2020-21 TO YTD 2021-22	PERCENT CHANGE
REVENUES:					
CHARGES FOR CURRENT SERVICES	13,773,859	10,223,262	11,330,025	1,106,763	10.8%
INTEREST	75,000	96,559	74,094	(22,465)	-23.3%
OTHER REVENUES	115,002	243,311	106,914	(136,397)	-56.1%
TOTAL OPERATING REVENUE	13,963,861	10,563,132	11,511,033	947,901	9.0%
EXPENSES:					
STAFFING	2,891,648	1,628,425	1,926,466	298,041	18.3%
INTERDEPARTMENTAL SERVICES	1,357,384	1,046,497	1,007,995	(38,502)	-3.7%
ENCINA PLANT SERVICES	4,665,000	5,149,913	5,700,951	551,038	10.7%
OUTSIDE SERVICES/MAINTENANCE	1,359,394	273,972	256,096	(17,876)	-6.5%
DEPRECIATION/REPLACEMENT	5,300,000	3,750,000	3,975,000	225,000	6.0%
MISCELLANEOUS EXPENSES	776,802	386,614	427,250	40,636	10.5%
CAPITAL OUTLAY	35,135	28,987	46,811	17,824	61.5%
TOTAL OPERATING EXPENSES	16,385,363	12,264,408	13,340,569	1,076,161	8.8%
OPERATING INCOME/LOSS	(2,421,502)	(1,701,276)	(1,829,536)	(128,260)	7.5%
(*) Adjusted to reflect timing differences for Encina quarterly invoices and depreciation.					

Revenues



- Charges for current services are higher than in the prior year due primarily to a 20% rate increase that began in March 2022 coupled with development throughout the city. Commercial customer water usage is also higher in the current year because commercial/industrial wastewater rates in Carlsbad are based on water usage, and commercial customers had significantly decreased during the peak of the COVID-19 pandemic related shutdown.
- Interest earnings decreased due to a 18% decrease in the yield of the Treasurer's portfolio offset partially by a 3% increase in the monthly average cash balance.
- The decrease in other revenues is due to a nonrecurring reimbursement from the City of Oceanside for a wastewater bypass 2020 storm events.

Expenses



- The increase in staffing expenses is mostly from an increase in the annual required contribution to the city's unfunded pension liability balance with CalPERS.
- Encina plant services to date are a combination of actuals and an estimate of the annual Encina expense prorated monthly.
- The decrease in outside services is primarily due heating and lighting costs.
- The capital outlay in fiscal year 2021-22 was for the procurement of a utility truck.